

PRACTICAL GUIDE TO CLOSING YOUR FILM

Independent Film Financing

- Multi-party financing
- What is your film worth?

Key Obstacles

- Competing interests/requirements
- Timing
- Cashflow

KEY FINANCIER ISSUES

- **Approvals/Controls**
 - Creative (inc. key elements and final cut)
 - Sales (sales below minimum; key territories, etc.)
- **Rights Ownership**
 - Broadcasters, distributors, sales agent, co-producers
 - Nature and extent; exploitation holdbacks (esp. broadcasters)
- **Credits**
 - Animated logos; presentation credits; ep credits, etc.
- **Cashflow**
 - Pre-closing; during production; on delivery; holdbacks
- **Recoupment**
 - If, when and how; cross-collateralisation
- **Fees, Premium and Interest**
 - Budgeted/paid from receipts; legals & other ancillary costs
- **Net Profits**
 - 50/50 split; producer bears third party talent

CONDITIONS OF FINANCE	<i>Approvals or Controls?</i>	Cashflow?	Rights Ownership?	Recoupment?	Cross-Collateralisation	Fees/Premium/Interest	Profit Share
SOURCES OF FINANCE							
Broadcasters	Yes (inc. over sales, if equity)	Should cashflow	Yes – Fixed term Licence	No – if licence fee Yes – if equity (see below)	N/A if Licence N.B. If more media then issue	Generally No	No – if Licence fee Yes – if equity
Distributors and Sales Agents	Limited (unless cashflowing MG/Sales advance)	Normally payment on delivery (can even be later)	Yes. Try to restrict media (eg Soundtrack merchandising) and term	Yes	Yes	Yes	Yes
National/Local Support	Yes/No	Should cashflow	Normally No	Either not recoupable or “soft” recoupment	N/A	No or limited	Yes/No
Tax based Financing	Normally limited	Yes	No	Yes	N/A	Yes	Yes/No
Equity Investment	Yes	Should cashflow	Yes/No	Yes	N/A	Yes	Yes
Banks	Yes	Cashflow	No	Yes	N/A	Yes	No
Facilities Deals	No Yes – if equity (see above)	Equivalent to cashflow	Yes/No	Yes/No	Yes/No	Yes	Yes
Ancillary Rights	No or limited (but over ancillaries)	May get advance post-delivery	Licences in certain media only	Yes (if advance paid)	Yes (if several media granted)	Yes	No
Product Placement/ Sponsorship	No – other than relating to product	Should cashflow	No	No	N/A	Should be none	No
Co-Producers	Yes	Cashflow	Yes (but try to limit to territory)	Yes	No	Yes	Yes

CLOSING CHECKLIST PRODUCTION

The following documents and information will need to be submitted and approved prior to financial closing.

PRODUCTION DOCUMENTS	
<input type="checkbox"/>	SHOOTING SCRIPT & SYNOPSIS
<input type="checkbox"/>	BUDGET (PDF & MM, if possible)
<input type="checkbox"/>	KEY DEPARTMENT BUDGETS
<input type="checkbox"/>	FINANCE PLAN
<input type="checkbox"/>	CASHFLOW (with VAT & currency allowances)
<input type="checkbox"/>	PREP CALENDAR
<input type="checkbox"/>	SHOOTING SCHEDULE & CAST DAY OUT OF DAYS
<input type="checkbox"/>	POST SCHEDULE
<input type="checkbox"/>	CONFIRMATION OF SHOOTING FORMAT AND WORKFLOW
<input type="checkbox"/>	UPDATED CAST AND CREW LISTS
<input type="checkbox"/>	WEEKLY COST REPORTS AND BANK STATEMENTS
<input type="checkbox"/>	DAILY CALL SHEETS & REPORTS (if production has started)
<input type="checkbox"/>	EFB'S LETTER OF INTENT - SIGNED AND RETURNED

CLOSING CHECKLIST LEGAL

The following documents and information will need to be submitted and approved prior to financial closing.

LEGAL DOCUMENTS	
<input type="checkbox"/>	PRODUCTION INSURANCES AND E&O (see EFB's Insurances Checklist)
<input type="checkbox"/>	SIGNED AGREEMENTS FOR ESSENTIAL ELEMENTS
<input type="checkbox"/>	CONFIRMATION OF CAST MEDICALS AND STOP DATES
<input type="checkbox"/>	TALENT DEAL MEMOS OR LONG FORMS
<input type="checkbox"/>	FINANCE AGREEMENTS
<input type="checkbox"/>	SALES AGENCY AND DISTRIBUTION AGREEMENTS AND NOA'S
<input type="checkbox"/>	PRODUCTION OR POST- PRODUCTION SERVICES AGREEMENTS
<input type="checkbox"/>	DELIVERY SCHEDULES & BONDED DELIVERY DATE SPECIFICATIONS
<input type="checkbox"/>	LAB PLEDGEHOLDER AGREEMENT
<input type="checkbox"/>	INTERPARTY AGREEMENT (IPA)
<input type="checkbox"/>	COLLECTION AGENCY AGREEMENT (CAMA)
<input type="checkbox"/>	PRODUCTION BANK ACCOUNT DETAILS & NOTICE OF CHARGE
<input type="checkbox"/>	CREW CONTRACT AND STUDIO/LOCATION AGREEMENTS
<input type="checkbox"/>	UPDATE ON MUSIC & RIGHTS CLEARANCES
<input type="checkbox"/>	GUILD RESIDUALS OBLIGATIONS